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Grand Trunk Railway
Company of Canada

GRAND TRUNK RAILWAY.

CORRESPONDENCE between the Company and
the Dominion Government respecting advances
to the Canadian Pacific Railway Company.



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Government respecting advances to the
Canadian Pacific Railway Company.*

GRAND TRUNK RAILWAY OF CANADA,

General Manager's Office,

MONTREAL, 2nd February, 1884.

DEAR SIR JOHN,

My cable advices from London intimate that the daily papers published there yesterday, all protest against any further aid being given by the Government to the Canadian Pacific Railway Company, so long as that Company continues to go out of its legitimate sphere to compete with and injure the Grand Trunk Railway Company. This only confirms the views which I expressed to you at our interview on Thursday.

I am urged to protest against the course being pursued, unless the Government are prepared to take measures to guard against the public funds granted, or to be granted, being used to damage private interests in other Canadian railways.

The result of persistence in the course which has been pursued in the past by the Canadian Pacific Company, or those controlling that Company, can only be a total destruction of credit, endangering the large investments of the Government in the Canadian Pacific Railway, and retarding the settlement and progress of the country.

Your Government has the power to put an end to a state of things which is hurtful in the highest degree to the best interests of the people of Canada.

Have you considered what the result of united harmonious action by the two Companies, in Europe, working for

the promotion of the settlement of the North West and the advancement of the interests of Canada generally, would be?

I need not repeat in this letter what I so recently said to you as to the way in which an arrangement might be brought about and some measure of justice meted out to investors in the Grand Trunk Railway.

My object in writing to-day is to ask that you will let me know what decision you have come to in regard to my representation, if possible on Monday.

You will realize doubtless that unless I can secure the intervention of the Government, it will be incumbent upon me, situated as I am, to make an appeal for justice to Parliament in such manner as constitutional usages permit.

Thanking you again for your courtesy in giving me an opportunity of placing the position of matters before you.

Believe me always,

Yours very truly,

J. HICKSON,

General Manager.

The Right Honorable

SIR JOHN A. MACDONLD, K.C.B.

Ottawa.

OTTAWA. 4th February, 1884.

DEAR MR. HICKSON,

I have to acknowledge the receipt of your letter of the 2nd instant which reached me yesterday, (Sunday). I had no opportunity of laying it before my colleagues until this afternoon at a meeting of Council. I have explained to them generally the various topics that we discussed when I last had the pleasure of seeing you, but they would like to have before them, specifically, for their mature consideration, your suggestions as to the way in which an arrangement might be brought about, so that if any injus-

tice has been done or will be done by the proposed relief to the Canadian Pacific Railway Company, to the investors in the Grand Trunk, it may be remedied.

Immediately on receiving your suggestions I shall submit them to Council for their earnest consideration.

I remain,

Dear Mr. Hickson,

Yours very truly,

JOHN A. MACDONALD

JOSEPH HICKSON, Esq.,

General Manager,

Grand Trunk Railway, Montreal.

Montreal, 5th February, 1884.

To the Right Honorable

Sir John A. Macdonald,

OTTAWA.

I am instructed by cable message to "inform the Premier of the Dominion that the Directors of the Grand Trunk with every wish for the prosperity of the Dominion and the Canadian Pacific Railway proper, strongly protest against legislation embracing assistance to lines acquired by the Syndicate outside of the objects of the Canadian Pacific Charter, thus using public money for competition against private enterprise."

I have had no response to the suggestions which I made to you on Thursday last when I pointed out how all interests might be harmonized and their efforts united to build up and promote the welfare of the country.

J. HICKSON,

General Manager.

(Telegram)

MONTREAL, 6th February, 1884.

The Right Hon.

SIR JOHN A. MACDONALD,

Ottawa.

Since telegraphing to you yesterday I have received your note of the 4th to which I will reply at the earliest possible moment.

(Signed.) JOSEPH HICKSON.

GRAND TRUNK RAILWAY OF CANADA,

General Manager's Office,

Montreal, 7th February, 1884-

The Right Honorable

SIR JOHN A MACDONALD, K.C.B.

Ottawa.

DEAR SIR JOHN,

Your letter of the 4th reached me late in the evening of the 5th. I, advised you by telegraph yesterday that I had received and would reply to it at the earliest possible moment.

At the interviews which I had the pleasure to have with yourself and the Honorable Minister of Railways last week, I pointed out how seriously the interests of investors in Grand Trunk securities had been and were being affected by the large subsidies and advances made, and proposed to be made, to the Canadian Pacific Company; and as I propose to again communicate with you on that matter, I will in this letter simply endeavour to supply the information which you advise me is desired.

If it be admitted that some arrangements between the two Companies which, whilst permitting the fullest utilization in the interest of the public of all the lines actually constructed and owned or controlled by both, would secure a reasonable amount of protection to invested capital, is desirable, I venture to submit that the ways and means of bringing about such an arrangement would, if the Government supported it, be found.

Of course if it is considered that the public interests are promoted by fostering antagonism and rivalry and the construction of unnecessary lines—which are not only destructive of existing investments, made in good faith, and from which the country has admittedly derived the very greatest advantages, but, as is also admitted, destroy credit and frighten away capital from the country—then any arrangement between the two Companies must necessarily be considered by the Government as undesirable.

I respectfully submit however, in that case, the one contestant should not have all the influence and aid of the Government of the country thrown on its side, and the other be burdened with onerous charges rendered necessary by the policy pursued towards its rival.

It is no doubt within your recollection that an attempt to harmonize conflicting interests was made last year, and the basis of an agreement was signed of which at that time the President of the Canadian Pacific Company no doubt considered reasonable and equitable. As you may not have any copy of the document I enclose one, and of the correspondence which then took place. (Appendix A.)

I ventured to submit at our recent interview that in view of the large advances which the Government proposed to make to the Canadian Pacific Company, the repayment of which can only be secured by the sale of lands or bonds, and stocks of the Company, any arrangement calculated to increase confidence and encourage investments in the country must be considered a matter of public importance, and therefore of interest to the Government.

Since the (subsequently abandoned) agreement of 1883 was made, changes have taken place which would in any agreement made now have to be considered; and it is hardly possible within the limits of a letter to define minutely what is now practicable—and more especially so in the absence of exact information as to the position of some of the lines in which the Canadian Pacific Company (or those controlling that Company) are interested.

Assuming it to be an object of the Canadian Pacific Company to reach Quebec, and from the speech recently delivered in the House of Commons by the Honorable Minister of Railways it is to be inferred the Government desire that Company should do so, I venture to suggest:

That there might be an exchange of the North Shore line for lines owned by the Canadian Pacific Company (or those controlling that Company) in Ontario, on terms to be agreed upon, or (under certain definite conditions determined by arbitration.

Such exchange of interests to be accompanied by agreements which, whilst securing the freest use by the public of the lines involved, would determine the interest of the two Companies in the results of their operations, and the terms of which agreements, in case it should be necessary, might also be settled by arbitration.

There are other plans upon which an arrangement might be brought about. I will mention one. The Ontario and North Shore Lines might be organised as independent Companies, owned and operated as such in the interest of the Canadian Pacific and Grand Trunk Companies, under agreements which would secure full facilities to the public and for the traffic proper of the main lines of both Companies. Under such an arrangement some independent authority to settle disputes would be necessary, and it would be requisite to make well defined traffic contracts.

Under either of these plans the fullest facilities could be afforded for traffic to and from the Intercolonial road, an unbroken through route via that line and the Canadian Pacific from the Atlantic to the Pacific secured, and the making of Halifax the winter port of the Canadian Pacific, to which the Honorable Minister of Railways in his recent speech attached importance, rendered possible of accomplishment.

The Grand Trunk Company has been, and is, quite willing to afford all requisite facilities for the traffic of the Canadian Pacific line proper, over its lines East and South of Montreal in both directions, and to practically place such traffic on as favourable terms as its own business.

I trust it may be convenient to you to let me know the views of the Government upon these suggestions at an early date. I submit them with a well assured confidence that, dispassionately considered, they will be deemed to be practicable and reasonable.

I am, Dear Sir John,

Yours very faithfully,

J. HICKSON,

General Manager.

7 February 1884.

The Right Honorable

SIR JOHN A. MACDONALD, K.C.B.,

Ottawa.

SIR,

I sent you on the 5th instant a telegraphic message containing the substance of a cable message received by me from the Directors of this Company in London ; and in order to guard against any mistake in transmission I deem it desirable to send you a copy of it.

The message was as follows :

“ Montreal, 5th February 1884.

“ To the Right Honorable

“ SIR JOHN A. MACDONALD,

Ottawa.

“ I am instructed by cable message to inform the Premier of the Dominion that the Directors of the Grand Trunk with every wish for the prosperity of the Dominion and the Canadian Pacific Railway proper, strongly protest against legislation embracing assistance to lines acquired by the Syndicate outside of the objects of the Canadian Pacific charter, thus using public money for competition against private enterprise.”

“ I have had no response to the suggestions which I made to you on Thursday last when I pointed out how all interests might be harmonized and their efforts united to build up and promote the welfare of the country.

(Signed) J. HICKSON,

General Manager.”

I would have sent you this copy yesterday, but I was prevented by the pressure of other important engagements from doing so.

It cannot be a matter of surprise that the Directors of this Company should protest against the course being pursued in connection with the Canadian Pacific Company.

If that Company had been incorporated and its transactions conducted on the ordinary basis of a joint stock corporation, it is probable that the Directors of the Company would not have thought it necessary to address any remonstrance to the Government, as the usual conditions attaching to the investment of private capital would have afforded them all the protection necessary, or that they could expect; but as practically the money to build the railway is being supplied out of the public revenues, largely increasing the burdens of this Company which is directly and indirectly at present the largest separate tax-payer within the Dominion, the operations of the Canadian Pacific Company assume an entirely different aspect. When in addition the fact is taken into consideration that the funds provided by the Canadian Government, more than sufficient in themselves to complete the Pacific line, and the resources of the Canadian Pacific Company obtained through the assistance and credit of the Government, have been and are being diverted to the promotion of lines in direct antagonism to this Company,—lines which are either not needed in the public interest, or where needed, should be supplied entirely by private enterprise,—it becomes a duty incumbent upon those who have charge of this Company's affairs to protest against the course being pursued.

It is manifest from a perusal of the papers which have been presented to Parliament, that the money subsidy and the lands granted by the Government to the Canadian Pacific Company, on the basis of the Government and Company's estimate of their value, were sufficient to pay for all the work which has been done up to this time upon the Pacific line proper, and that no further demands upon the public purse would have been required had the Company's operations been confined to the objects for which it was originally incorporated; and I respectfully submit that, but for the antagonisms which have been created by the course pursued, it would have been perfectly practica-

ble to have realized the grants made by the Government, and thus to have provided, without any further recourse to the public treasury, the amounts estimated to be needed to complete the through route which it has become part of the public policy of the country to construct.

It became my duty when the proposal to affiliate lines, forming no part of the transcontinental line and in no way necessary for the development of its traffic, to the Canadian Pacific, was brought forward, to address a remonstrance to the Government, and to point out the injustice of resources supplied by the country for a great national work being diverted to the building up of lines not supplying any public want, and in themselves unsound as commercial investments. I venture to again refer you to my letters of the 24th and 26th April, 1883. (Appendix B.)

Those interested in the Grand Trunk Company have, during the last ten years, supplied capital to the extent of nearly thirty-three millions for the improvement of the road, the extension of its facilities, its more complete equipment, and the making of extensions under arrangements which have had the sanction of the Legislature and the Government. It must be apparent that, when it is discovered that the resources of the Dominion are to be further employed to foster and build up opposition schemes designed to destroy the value of these investments and the capital used to construct the Grand Trunk line originally, and the resulting increase of taxation, is taken into account, the situation can hardly be viewed otherwise than with alarm by the twenty or thirty thousand proprietors who are interested in the corporation.

It has been very far from the desire of the Directors of the Company to place it in a position of antagonism to the construction of the Canadian Pacific Railway proper and they have been at all times willing—as I have had occasion heretofore to point out to you—to afford all reasonable facilities for the business of the Canadian Pacific Company over the lines of the Grand Trunk Company

either East or West ward, at all points where the two systems come in contact.

It has not been found impracticable in the past to work the business of the Intercolonial Railway satisfactorily in connection with the Grand Trunk Company's line, although the Company was in possession of lines which were to some extent competitors with the Government road. I have not hitherto received a single official complaint that the development of the Intercolonial line has been retarded either by the absence of facilities or any adverse policy pursued by the Grand Trunk Company; and I may be permitted to enquire why it should not have been found practicable to carry on an interchange of of business between the Canadian Pacific and the Grand Trunk on the same basis.

The proposal to grant additional Governmental assistance to the Canadian Pacific to the extent of thirty millions of dollars without any adequate protection being taken that these funds will not be used—as has been the case in the past—upon works wholly apart from the objects sought to be attained by the construction of the the Canadian Pacific line, and that still further demands for assistance will not follow, has increased the alarm already felt by those who have invested their capital in Canadian enterprises; and I respectfully submit that a continuance of the policy of the past must result in damaging not only investments in this Company, but in all other railway enterprises in the country, and render impracticable the securing of further capital for new lines and improvements upon existing ones under any conditions other than that of a Government guarantee.

I have the honour to be,

Sir,

Your most obedient servant,

J. HICKSON,

General Manager.

APPENDIX. A.

Grand Trunk Railway Company of Canada,

DASHWOOD HOUSE,

9, NEW BROAD STREET.

LONDON, E.C., 17th April, 1883.

MEMORANDUM.

The following is the actual text of the cablegram signed by the Presidents of the Grand Trunk and Canadian Pacific Railways, and transmitted to the General Managers of the two Companies in Canada, on Wednesday, the 11th instant, viz :—

[COPY.]

From	{	“ TYLER		To	{	HICKSON.
	{	“ STEPHEN			{	VAN HORNE.

“ Prepare Agreement between Grand Trunk and Canadian Pacific, Grand Trunk undertaking to afford full and liberal facilities for Canadian Pacific traffic by all Grand Trunk lines and connections to and from Canadian Pacific, the intention being that, on completion of Canadian Pacific, traffic to and from the Canadian Pacific should go *viâ* Canadian Pacific, and meanwhile fair arrangements be made for Canadian Pacific traffic *viâ* Chicago in winter, and Algoma Mills or other points in summer; and the Canadian Pacific undertaking to cede, on terms, to Grand Trunk, Credit Valley, Ontario and Quebec, Atlantic North-West and South-Eastern. Ontario and Quebec Railway to be completed, and the Lachine Bridge to be built unless other satisfactory accommodation be provided. Canadian Pacific to give their traffic to Grand Trunk Railway, and the two Companies to avoid competition and work together in all respects for mutual benefit.

“ H. W. TYLER. GEO. STEPHEN.”

This cablegram was intended to be the basis of a future Agreement, and was considered to be the best form in which the principles of the Agreement could be recorded on the

part of the two Companies. It was, as will be seen, signed by Sir Henry Tyler on behalf of the Grand Trunk Company, and by Mr. George Stephen on behalf of the Canadian Pacific Company. It was so signed, after several days of negotiation at the Grand Trunk Office, in the course of which negotiation three Directors of the Canadian Pacific, viz. :— Mr. P. du P. Grenfell, Mr. H. S. Northcote, and Mr. C. D. Rose, in addition to Mr. Stephen the President, all attended at that Office.

It was believed that the General Managers would meet and prepare, without loss of time, a draft agreement for the consideration and final approval of the two Boards, the principles of the Agreement having been so clearly laid down in the above cablegram of instructions.

No notice, whatever, of any dissatisfaction on the part of American or Canadian gentlemen interested in the Canadian Pacific was received at the Grand Trunk Office, and there was every reason to believe that the matter was proceeding harmoniously until yesterday afternoon, when the following letter from Mr. Stephen was delivered at the Office of the Grand Trunk Company, viz :—

[COPY.]

“ BARTHOLOMEW HOUSE, LONDON,

“ *April 16th, 1883.*

“ DEAR SIR,

“ I regret to inform you that our united attempts to harmonise the interests of the Grand Trunk and Canadian Pacific Railways has proved, I fear, for the present, at all events, “ impracticable.

“ Since the despatch of our joint cable to the two General Managers I have been in active cable correspondence with my “ colleagues, both in Canada and New York. A message received “ to-day seems to convey what I fear must be regarded as the “ conclusion at which they have arrived, and which I regret to “ say is adverse to the proposed arrangement, and its practicability “ at the present time.

" I am still without a reply to a further message I have sent
 " in answer, but as I can hardly entertain the hope that it will
 " alter the case, I think it right to lose no time in communicating
 " with you. It would serve no good purpose to enter into the
 " details of all the objections which have been encountered,
 " beyond stating that the control of The Ontario and Quebec,
 " contrary to my expectations, cannot be surrendered to the
 " Grand Trunk Railway.

" In the meantime, I may assure you that it will be my
 " endeavour to maintain the most friendly relations with your
 " Company in every way consistent with the interests of The
 " Canadian Pacific Railway.

" I am, dear Sir,

" Yours faithfully,

[Signed]

" GEO. STEPHEN,

" SIR HENRY TYLER, &c., &c., &c.,

" *President C.P.R.*

" *President,*

Grand Trunk Railway."

The following reply by SIR HENRY TYLER has been
 addressed to Mr. STEPHEN to-day, viz. :—

[COPY.]

" DASHWOOD HOUSE,

" 9, NEW BROAD STREET,

" LONDON, E.C., 17th April, 1883.

" GEO. STEPHEN, Esq.,

" President, Canadian Pacific Railway Company.

" Bartholomew House.

" DEAR SIR,

" I beg to acknowledge the receipt of your letter of yesterday,
 " which was received at the Grand Trunk Office at 3.10 and was
 " placed in my hands in the country at 5.40 p.m. I regret to
 " find that you are not in a position to carry out the arrangements
 " which were, as I believed, practically concluded between us, and
 " which formed the subject of our joint cablegram of instructions
 " to the General Managers of the two Companies in Canada.

" I remain,

" Yours truly,

(Signed)

" H. W. TYLER."

APPENDIX B.

GRAND TRUNK RAILWAY OF CANADA,

General Manager's Office,

MONTREAL, 24th April, 1883.

To the Right Honorable

SIR JOHN A. MACDONALD, K.C.B., &c., &c.,

Ottawa.

SIR,

I observe that a petition has been submitted to Parliament on behalf of the Canadian Pacific Railway Company, asking for permission to petition for a private bill authorizing that Company to lease the Credit Valley, Ontario and Quebec, and part of the Atlantic and North-western Railway.

It is my duty to lodge with the Government a protest, on behalf of the Grand Trunk Railway of Canada, against any such powers being conceded, for the following reasons :

The act respecting the Canadian Pacific Railway Company, assented to on the 15th February, 1881, recites that whereas by the terms and conditions of the admission of British Columbia into union with the Dominion of Canada, the Government of the Dominion had assumed the obligation of causing a railway to be constructed connecting the seaboard of British Columbia with the Canadian Railway system ; therefore, that in conformity with the expressed desire of Parliament a contract had been entered into for the construction of the contemplated railway, and the Government was authorized to perform and carry out its conditions.

To accomplish this national work, to which the Dominion was thus pledged, Parliament subsidised the Canadian Pacific Railway Company by granting a bonus of \$25,000,000, and making a concession of 25,000,000 acres of land. The Government was also authorized to permit the entry, free of duty,

of all steel rails and other materials required in the construction of the railway,

Railways on which large national expenditure had already been incurred, were transferred as a gift to the contracting Company.

In further aid of the undertaking, it was provided by agreement that, for twenty years from the date thereof no line of railway should be authorized by the Dominion Parliament to be constructed south of the Canadian Pacific Railway from any point at or near that railway, with certain exceptions, nor to within fifteen miles of latitude 49°; and further substantial aid was given to the undertaking by the provision that the Canadian Pacific Railway, and all its stations, station grounds, workshops, buildings, yards and other property, rolling stock, and capital stock, should be for ever free from taxation by the Dominion, or by any Province hereafter to be established, or by any municipal corporation:—and the lands of the Company in the Northwest Territories, until sold or occupied, were also to be free from taxation for twenty years after the grant thereof from the Crown.

The foregoing, and other important concessions, were made in favor of the Canadian Pacific Railway Company, for the purpose of securing the construction of a great national undertaking. The main features of the arrangement made by the Government, and sanctioned by Parliament, were to preserve to the Dominion an important Province, and to provide for the interchange of traffic, both foreign and provincial, by railways situated wholly within Dominion territory, and in the direction of a portion of Canada—the settlement of which had scarcely commenced—and which hitherto possessed no railway accommodation. Parliament, on the advice of the Government, thus brought into existence a Company which has been very recently described by its President as “a purely commercial undertaking, having no ambitious “designs of any kind, and harboring no hostile feelings towards the Grand Trunk or any other Canadian Company.

"It was created for the purpose of opening the hitherto undeveloped North-west Territories of the Dominion of Canada for carrying traffic between these territories and the Atlantic seaboard on the one hand, and the Pacific Ocean on the other, through British territory."

The Grand Trunk Railway Company recognized the important and national character of the proposed undertaking, and, so far back as 1881, volunteered friendly arrangements and facilities, which were, however, rejected, for reasons which were then suspected and which are now openly avowed.

Those connected with the Canadian Pacific, immediately upon its formation, harbored the design of also constructing, or causing to be constructed, a parallel line to the Grand Trunk through the Provinces of Ontario and Quebec, a line which I am not mistaken in saying you, personally, considered unnecessary.

Concealment being no longer regarded necessary, the Company has presented its petition for powers to acquire railways in direct rivalry with this Company's system. Assuming the scheme to be matured, the Canadian Pacific Railway Company, in addition to its route via Lake Superior to the Northwest, will also have, in connection with the American railway system a complete chain of communication between Montreal and the same north-western points via Chicago, St. Paul and Minneapolis, in connection with the St. Paul, Minneapolis & Manitoba Railway, the chief shareholders in which Company are shareholders of the Canadian Pacific Railway Company. If the policy of the Company be to provide itself with a second means of communication with the North-west provinces of the Dominion, its obvious intention is to divert traffic for the accommodation of which the Dominion Government has laid the country under such onerous obligations. The national objects for which these obligations were incurred will thus not be realized.

If it be denied that the object of the Company is to create a rival route to the (national) Canadian Pacific Railway

it must be admitted that the Ontario and Quebec lines are simply promoted with a view of creating competition with the Grand Trunk Railway, and the credit of the national undertaking is being used to promote the private ventures of those who undertook its construction, but have not yet completed their task.

The assumption that there is intended a deliberate and organized attack upon the Grand Trunk, in alliance with its American rivals, is obvious, for the reason that combinations have been formed by the Canadian Pacific Railway Company, which place that company in direct alliance with the most bitter opponents of the Grand Trunk. These alliances are intended by the scheme now before Parliament, with apparently the approval of the Government, to be cemented and extended and made more effective in doing damage to the credit of the Grand Trunk Company.

That a second competitive line parallelling the Grand Trunk is not required may be evidenced by the fact that the average charges made to the public by the Company have been for many years on a descending scale, until they have reached a point which barely admits of profit; and it has to be borne in mind that the public are protected most effectually against unreasonable charge by the lake and river competition, supplemented by a magnificent canal system, throughout the whole length of the railway.

The effect of the construction of this competitive system can only be to divide existing traffic with the Grand Trunk. It will not materially increase the business, and in the end the public will not receive any cheaper rates of transportation.

Considering that the interests of the American systems of railway lines converge at Buffalo, and lie in the direction of traffic *via* the Niagara frontier, it is not conceivable that this system will divert through business over the Canadian Pacific Ontario route, from American channels. It therefore, unless forming part of a through line to the Northwest, competitive with the Canadian route, can only have been promo-

ted for the purposes of local antagonism with the Grand Trunk, both systems being in direct competition, of the severest character, with the lake and river and canal route.

The Canadian Pacific Company was brought into existence for a national object at the expense of the people of the Dominion of Canada, subsidised with \$25,000,000 of public money, supplemented by an addition of 25,000,000 acres of productive land, exempted from taxation in perpetuity, and freed from competition for twenty years. It is now to be made the vehicle, without any relevance or reference to the object of its Charter, for carrying on local competitive warfare with the other chief railway system of Canada, the largest tax payer and contributor to the revenue of the country, whence these liberal subsidies are derived :—subsidies so liberal that they have been just recently described by the President of the Company as sufficient to construct the Railway. The Canadian Pacific Company, therefore, created with one object, is to be employed for another, aided by all the strength which can be given it by a powerful Government.

The Credit Valley, Ontario and Quebec, and Atlantic and North Western Companies, are not necessary in any sense, to the performance of the duties which have been imposed on the Canadian Pacific Railway Company by the Dominion, and the effect of their acquisition can only be to bring the Government into the position of a direct competitor with the investors of British capital in the existing Railway system of the country, at a time when large outlay in improvements is contemplated.

The injustice of the course proposed, looking at the sacrifices which have been made by those who found the means wherewith to construct the Grand Trunk system of Railways, which has so largely benefitted the country, must be apparent to every one who will give the subject one moment's dispassionate consideration.

It rests with your Government, supported as they are by an overwhelming majority in Parliament to determine whether

a course which is marked by injustice and cannot but prove injurious in the end to the best interests of the Dominion, shall or shall not be pursued.

I have the honor to be,

Sir,

Your obedient servant,

J. HICKSON,
General Manager

GRAND TRUNK RAILWAY OF CANADA,

General Manager's Office,

MONTREAL, 26th April 1883.

To The Right Honorable

SIR JOHN A. MACDONALD, K.C.B. &c., &c., &c.

Ottawa,

SIR,

I feel it incumbent upon me to again address you upon the subject of my letter dated 24th instant, in consequence of the views expressed by the Honorable Minister of Railways when the second reading of a bill respecting the Canadian Pacific Railway Company, was moved on the 24th instant.

The Honorable Minister is reported in the press to have said that the Government approved the lease in perpetuity of the Credit Valley and Ontario & Quebec Railways to the Canadian Pacific Company; that it was of the greatest importance that the North-west should have the advantage of the fullest competition with the great commercial centres of Canada—Montreal, Toronto, Hamilton and other parts of Ontario—and that the Government believed the public interest would be promoted rather than injured by the adoption of the proposal contained in the Bill.

I respectfully submit that the views expressed by the Honorable Minister are entirely at variance with the past policy of the Government on this question ; and further that the effect of the proposed bill will be to perpetuate the monopoly which has been conceded in the North-west to the Canadian Pacific Company, and further enlarge the area over which the exclusive privileges granted to that Company will extend. By the terms of the compact made with the Canadian Pacific syndicate, that Company is to possess an absolute monopoly, and to be freed from all competition in the North-west. In significant contrast with that policy, the fullest competition is now recommended by the Honorable Minister of Railways against the Grand Trunk. The Grand Trunk Company is to be excluded from the North-West ; the Canadian Pacific,—built with the public funds,—is to be encouraged and aided by the Government in coming into the district served by the Grand Trunk, on the ostensible plea of giving competition to the people of the North-west.

I would ask how the Grand Trunk is to compete for North western business under the circumstances, seeing that the railway from Thunder Bay to Winnipeg, and that from the dividing line at St. Vincent, will be in the hands of the rival Company ; and no other railway access to the territory is to be permitted.

This Company has already experienced the disadvantages of the existing monopoly, even at a period when no other route is in existence ; and they may well entertain grave apprehension of ultimate exclusion, so far as that can be made possible, by insistence upon discriminating rates over the Canadian Pacific system.

Before the requirements of the North-west are known otherwise than by the Grand Trunk experience, and before the Canadian Pacific has opened any communication with that territory, the traffic to be interchanged is, upon the hypothesis of the Honorable Minister, sufficiently large to

make it expedient that three competitive routes be provided in order that the fullest competition may be brought into existence ; but the argument cannot be seriously advanced that the object of the present policy is to accomplish any such result. On the contrary it is manifest the effect thereof will be the very opposite of that predicted by the Honorable Minister of Railways.

It is well known that the railway from St. Paul to the boundary line is mainly owned by gentlemen who are also members of the Canadian Pacific Board.

The railway from St. Paul to Chicago is controlled wholly, or to a very large extent, by a great American capitalist. The next link in the chain of communication (the Michigan Central) is presided over and controlled by the same gentleman, and the Michigan Central owns or controls the Canada Southern Railway, which—connecting with the line proposed to be leased (the Credit Valley)—already places the American system in Toronto.

Upon the completion of the Ontario & Quebec railway, the effect will be, if the proposed leasing arrangements are permitted, that the whole route from Montreal to Winnipeg will be under the control of the gentlemen referred to, and the Canadian Pacific Railway Board. The two routes thus represented, closely united by the ties already known to exist, will undoubtedly be used to exclude from the Northwest all competition by way of the Grand Trunk Railway system ; and I would respectfully ask what competition is likely to be permitted under the circumstances, between the Canadian Pacific Railway proper and the route through the States I have just referred to ?

The experience of this Company in its relations with American Railway Companies, where the right of independent action does not exist, is, that it has practically been driven out of competition by being held firmly to a certain scale of rates, whilst the competing and controlling interest has had the power of relaxing tariffs in favor of its own route.

The proposed arrangement, therefore, will not have the advantage of affording the fullest competition to the North-west with the great commercial centres of Canada, and I have not the slightest hesitation in stating, as above alleged, that it will, on the contrary tend to perpetuate the existing monopoly.

I have already referred in my letter of the 24th instant, to the fact that the proposed leasing arrangements must have the effect of diverting traffic from the through Canadian route. I have now to suggest for your consideration that the proposed introduction of American influence tends to prevent the passage of east bound business through the Dominion at all. The American management, with which the Canadian Pacific has so intimately allied itself, practically controls a great railway system between Boston, New York and Philadelphia, and Winnipeg ; and the most powerful railway combination in America will lose no opportunity or inducement to direct Northwestern traffic over its railways.

I would further point out to you that, whatever may be the main object of the proposed leasing arrangements, their effect will certainly be to bring into existence a competitive route to the Grand Trunk throughout Canada, to Detroit, Chicago and the western portion of the American Continent ; and it surely is inconsistent with the policy recognized when the eastern section of this railway was purchased by the Government, and when it was conditioned that the purchase money should be applied for securing an extension to Chicago of this Company's system, that another—mainly foreign—and competing Chicago route, should be so soon aided by Government influence and the public money to the most serious prejudice of this Company.

It is more or less generally avowed that Government Railways do not expect commercial results, and though that may not be entirely the case with the Pacific Company, yet it is, according to the views recently expressed by its President, so immensely endowed, subsidized, and favored by the

Dominion, as to make it an undertaking which, inferentially, need be subject to none of the prudential rules affecting proprietary interests.

I would submit on behalf of the proprietary of a Company, the capital of which spent in Canada exceeds the total funded and unfunded debt of the whole Dominion, whether it is just that Government influence and the public revenues of the country should be thus pitted against a private corporation of British capitalists.

I further submit that a wrong is being done to this Company, inasmuch as whilst its hands have been tied by the monopoly granted in the North-West, the funds lavished upon a rival will be made use of for the purpose of aggression, in alliance with the most bitter American competitors of the Grand Trunk Company.

I have the honor to be,

Sir,

Your most obedient servant,

J. HICKSON,

General Manager.